SGGF VIII

Saskatchewan Government Growth Fund VIII Ltd.

Creating economic wealth and diversification
through investment of immigrant investor capital in Saskatchewan

2002 ANNUAL REPORT

SASKATCHEWAN GOVERNMENT
GROWTH FUND

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FUND PROFILE

Saskatchewan Government Growth Fund VIII Ltd. ("SGGF VIII" or the "Fund") is a government-administered venture capital fund pursuant to the Immigration Regulations, 1978 (Canada), as amended. It was formed to enable immigrant investors to invest in businesses operating in Saskatchewan and facilitate the investors' qualification as Canadian permanent residents under the Immigrant Investor Program.

FINANCIAL HIGHLIGHTS

- The Fund incurred a loss of $272,000 in 2002 and has a deficit at December 31, 2002 of $266,000.
- Since SGGF VIII's inception in 1999, investments made by the Fund total $8.9 million, of which $6.3 million has been invested in infrastructure loans and $2.6 million has been invested in SMEs.
- Income from investments and portfolio investments for the year was $627,000, compared with $506,000 in 2000.

MESSAGE TO INVESTORS

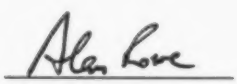
The priority of Saskatchewan Government Growth Fund VIII Ltd. in 2002 was the completion of investment of investors' funds in eligible businesses.

During 2002, a total of $3.7 million was invested in six businesses. The regulations of the federal immigrant investor program require that investors' funds be invested in eligible businesses within nine months of receipt. At December 31, 2002, there were 10 investors for whom the Fund had not met this requirement, compared with four at the end of 2001. The increase reflects additional subscriptions which were paid in full during 2002. During 2002, the Fund obtained an extension to June 30, 2003 of the date by which the investment requirement must be satisfied. The delay in satisfying the requirement is caused by a lack of acceptable investment opportunities which satisfy the requirements of the regulations and the Confidential Offering Memorandum pursuant to which the Notes are issued.

In October 2002, Gary Benson retired as President of SGGF VIII. Gary had been President since the inception of SGGF VIII. In February 2003, Keith Rissling, who became a director in May 1999, retired from the Board. On behalf of the Board, we thank Gary and Keith for their contribution to SGGF VIII. Alan Rowe was appointed President in October 2002, and Harwood Davies was elected as a director in February 2003.

During 2003, the priority of SGGF VIII will be to complete the investment of investors' subscriptions in eligible businesses, and to support investees in the development of their businesses. During the year, the Fund will also review the options available to subscribers who have not yet paid their subscription amounts in full, and communicate with those subscribers accordingly.

Joanne Forer
Chair



Alan M. Rowe
President

INVESTMENT PROFILES

The following are profiles of investments held by SGGF VIII during 2002, including the total amount invested and a description of the companies' operations. The date of the initial investment in each company is noted in parentheses.

CrownAg International Inc. (November 2001)
$359,331 loan

CrownAg International has developed proprietary colour sorting technology for pulse crops. The company operates a processing plant in Regina.

EMCS – Electronic Media Carrier Services Inc. (February 2002)
$177,465 loan

EMCS is a Saskatoon-based high-speed internet service provider to small and medium sized businesses in central Saskatchewan. The company utilizes cable and wireless technologies.

Harman Poultry Farm Ltd. (September 2002)
$39,300 loan

Harman Poultry is the largest producer of eggs in Saskatchewan. The company has operations near Regina and Prince Albert, Saskatchewan.

Nu-Fab Burton Limited Partnership (June 2001)
$333,937 loan and partnership units

Nu-Fab Burton Limited Partnership was formed in 2002 through the merger of Burton Cabinets, in which SGGF VIII previously had an investment, and Nu-Fab Building Products. Burton Cabinets is a Saskatoon-based custom cabinet and millwork manufacturer. Nu-Fab Building Products is a supplier of building products and pre-fabricated residential housing with operations in Regina and Saskatoon. SGGF VIII acquired a partnership interest and advanced additional funds on the merger.

Prairie Plant Systems Inc. (May 2001)
$546,876 loans

Prairie Plant is a Saskatoon-based company involved in the innovation and delivery of new plant biotechnologies for environmental and commercial applications.

Quartus Energy Limited (May 2001)
$894,309 common shares

Quartus Energy is involved in the exploration, development and production of natural gas in and around Burstall, Saskatchewan.

SaskCan Pulse Trading Inc. (May 2002)
$60,000 common shares and loan

SaskCan is a Regina-based joint venture between SGGF VIII and other investors. SaskCan operates North America's largest lentil splitting facility.

Tri-North Farms Limited Partnership (October 2001)
$269,499 loans

Tri-North Farms is a limited partnership established to build and operate a 1,300 sow, two-site hog multiplier facility. The company is located near Medstead, Saskatchewan.

CAJON Leasing (December 2001)
$4,809,508 loans

CAJON, located in Regina, leases vehicles and other assets to Saskatchewan Crown corporations and government-related entities.

R & R Leasing (July 2002)
$1,397,231 loans

R&R is based in Saskatoon and leases buildings, equipment and vehicles to Saskatchewan Crown corporations, other government-related entities and private enterprises.

MANAGEMENT DISCUSSION AND ANALYSIS

SGGF VIII began commercial operations in 1999 with the first receipt of subscription deposits from investors. The first investment in eligible businesses was made in 2001 and accordingly the first Notes were issued in 2001.

The Fund incurred a loss of $272,000 in 2002 primarily because investment income was insufficient to provide for the expenses of the Fund. The Fund has a deficit at December 31, 2002 of $266,000.

During 2002, the focus of SGGF VIII was on the investment of subscriptions in eligible Saskatchewan businesses.

The investment policy of SGGF VIII is to invest up to 50% of subscription proceeds in infrastructure loans in Saskatchewan, up to 30% in small and medium-sized enterprises ("SMEs") in Saskatchewan, and the remainder in cash or high quality liquid debt securities.

The interest rate for the investors' escrow and Note is determined at the time the full subscription is received, and remains constant over the term of the Note.

The federal Immigrant Investor Program under which SGGF VIII operates requires that the five year term to maturity of a Note be extended if, and for so long as, less than 70% of the amount of the Note is invested in the active business operations of eligible businesses in Saskatchewan. As a result of delays in finding suitable investments, the Fund compensates those investors affected through an additional payment to cover the initial period from nine months after receipt of their full subscription until at least 70% of such amount is invested in eligible businesses.

Investment Activities

In 2002, a total of $3.7 million was invested in six businesses (2001 - $5.4 million in six businesses). This includes $3.2 million (2001 - $3.3 million) relating to infrastructure loans and $0.5 million (2001 – $2.1 million) in SMEs. Loans accounted for 85% (2001 - 59%) of the SME amount invested in 2002 while equity investments accounted for the remaining 15% (2001 - 41%).

Since SGGF VIII's inception in 1999, investments made by the Fund total $8.9 million, of which $6.3 million has been invested in infrastructure loans and $2.6 million has been invested in SMEs. Of the total investment in SMEs, 64% has been in the form of loans, and 36% in the form of equity.

At December 31, 2002, the investment portfolio totaled $7.8 million, compared with $5.3 million a year earlier. Investments consist of loans of $5.3 million to two companies in the form of infrastructure loans, and investments of $2.5 million in eight SMEs (60% debt and 40% equity). Provisions for losses total $66,000, compared with nil at the end of 2001. In addition, the consolidated statement of financial position includes $6.7 million in cash and portfolio investments, compared with $9.0 million at December 31, 2001.

The provisions of the Immigrant Investor Program require that at least 70% of the subscription amount be invested in eligible businesses no later than nine months after receipt of the full subscription. SGGF VIII has not met this target as a result of a lack of suitable investment opportunities. The federal regulator that oversees the Immigrant Investor Program has extended to June 30, 2003 the date by which subscriptions received by SGGF VIII prior to October 1, 2002 must be invested.

Income from investments and portfolio investments for the year was $627,000, compared with $506,000 in 2001, reflecting the higher level of investment throughout 2002.

In 2001, a company with which SGGF VIII was associated sold assets that were used in its leasing business. SGGF VIII extended loans to the acquirer to purchase the assets. Repayment of the loans to SGGF VIII is on essentially the same terms as were the loans to the vendor. Revenue from operating leases, net of amortization of equipment on lease, totaled $64,000 in 2001.

Investor Activities

At December 31, 2002, obligations to investors totaled $12.5 million, comprised of 50 Notes (2001 – $7.25 million comprised of 29 Notes). Of the 50 Notes outstanding at December 31, 2002, 28 are scheduled to mature in 2006 and 22 in 2007.

At December 31, 2002, there were 118 subscriptions (2001 – 126) to the Fund representing a potential fund of $29.5 million (2001 - $31.5 million). To December 31, 2002, 62 full subscriptions (2001 – 58) had been received with 56 additional subscribers (2001 – 68) yet to complete their subscription requirements. In 2002, there were 8 withdrawals from the Fund, the same as in 2001.

The balance of investors' funds awaiting investment is recorded as subscription deposits. Subscription deposits totaled $3.1 million at December 31, 2002, compared with $7.9 million a year earlier.

Obligations under the Notes are subordinate to all other liabilities of SGGF VIII and repayment is dependent on the proceeds on liquidation of investments and all other available liquidity in excess of other liabilities.

In accordance with the terms of the Confidential Offering Memorandum for SGGF VIII, interest was paid on all Notes outstanding at December 31, 2002. Total interest expense recorded in the year was $390,000, compared with $385,000 in 2001.

Operating Activities

Administration costs reflect expenditures related to the ongoing operations of the Fund and its investments. As a percentage of average total assets managed, these costs, excluding future fees, amounted to 1.96% and are comparable to 1.88% in 2001.

Administration costs of $303,000 in 2002 (2001 - $217,000) include management fees for the year totaling $269,000, compared with $210,000 in 2001.

The provision of administration and investment advisory services to SGGF VIII is contracted to Crown Capital Partners Inc. The manager is paid a monthly fee for its services and will receive a performance fee based on the retained earnings, if any, of SGGF VIII after all investor obligations are repaid in full and all investments have been liquidated.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

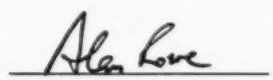
The President and fund manager of the Saskatchewan Government Growth Fund VIII Ltd. are responsible for management of the Fund. The accompanying consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, and necessarily include amounts which are based on informed judgement and management estimates. Financial data presented elsewhere in this annual report is consistent with that in the financial statements.

Ensuring the integrity and objectivity of financial information is an integral part of management's responsibility. Management maintains an appropriate system of internal accounting and administrative controls, policies and procedures to provide reasonable assurance that all transactions are authorized, financial records are complete and accurate, and assets are safeguarded against loss.

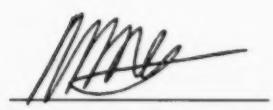
The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board has reviewed and approved these financial statements.

Deloitte & Touche LLP, the corporation's independent auditors, have examined the financial statements of the corporation. Their responsibility is to conduct an independent and objective audit and to report on the fairness of presentation of the corporation's financial position, results of operations and cash flows as shown in the financial statements. The Auditors' Report outlines the scope of their examination and their opinion.

On behalf of management,



Alan M. Rowe, C.A.
President



Mike Merth, C.A., C.M.A.
Crown Capital Partners Inc.

AUDITORS' REPORT

To the Shareholder of Saskatchewan Government Growth Fund VIII Ltd.:

We have audited the consolidated statement of financial position of Saskatchewan Government Growth Fund VIII Ltd. as at December 31, 2002, and the consolidated statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
February 7, 2003

CONSOLIDATED FINANCIAL STATEMENTS

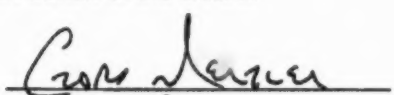
Saskatchewan Government Growth Fund VIII Ltd.
(Incorporated under The Business Corporations Act of Saskatchewan)
Consolidated Statement of Financial Position
As at December 31

	2002	2001
Assets		
Cash	$ 3,641,178	$ 1,564,782
Portfolio investments (Note 4)	3,049,016	7,387,079
Accounts receivable and accrued income	86,613	355,528
Investments (Note 5)	7,791,867	5,259,299
Deferred costs (Note 6)	949,640	1,031,762
	$ 15,518,314	$ 15,598,450
Liabilities and Shareholder's Deficiency		
Accounts payable and accrued liabilities (Note 7)	$ 12,758	$ 180,673
Commissions payable	112,500	212,500
Accrued interest payable to investors	83,269	89,859
Subscription deposits (Note 8)	3,075,070	7,858,213
Obligations to investors (Note 9)	12,500,000	7,250,000
	15,783,597	15,591,245
Share capital (Note 10)	1,000	1,000
(Deficit) retained earnings	(266,283)	6,205
	(265,283)	7,205
	$ 15,518,314	$ 15,598,450

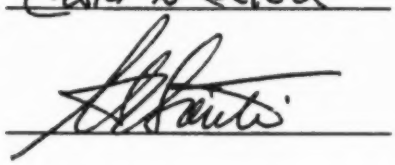
Commitments (Note 15)

See accompanying notes to the consolidated financial statements

On behalf of the Board:



Gordon Mertler
Director



Lloyd Boutilier
Director

Saskatchewan Government Growth Fund VIII Ltd.
Consolidated Statement of Operations and Deficit
For the Year Ended December 31

	2002	2001
Revenues		
Interest from cash and portfolio investments	$ 235,993	$ 417,421
Income from investments	391,262	88,391
Lease revenue	-	211,553
Other income	7,058	23,331
	634,313	740,696
Provision for credit losses	65,662	-
Net revenue	568,651	740,696
Expenses		
Administration (Note 12)	303,320	217,296
Interest on obligations to investors	295,747	256,744
Interest on subscription deposits	84,451	127,844
Amortization of equipment on operating leases	-	147,850
Amortization of deferred costs	157,621	74,709
	841,139	824,443
Net loss	(272,488)	(83,747)
Retained earnings, beginning of year	6,205	89,952
(Deficit) retained earnings, end of year	$ (266,283)	$ 6,205

See accompanying notes to the consolidated financial statements

Saskatchewan Government Growth Fund VIII Ltd.
Consolidated Statement of Cash Flows
For the Year Ended December 31

	2002	2001
Cash flows from operating activities		
Net loss	$ (272,488)	$ (83,747)
Adjustments:		
Amortization of equipment on operating leases	-	147,850
Amortization of deferred costs	157,621	74,709
Provision for credit losses	65,662	-
Amortization of premium and discount on bonds	(164)	(1,785)
Net change in non-cash balances related to operations (Note 13)	(81,089)	(694,561)
Cash flows from operating activities	(130,458)	(557,534)
Cash flows from investing activities		
Purchase of portfolio investments	(3,542,597)	(10,841,594)
Sale of portfolio investments	7,880,824	8,917,395
Disbursements on investments	(3,682,267)	(5,393,921)
Repayments of investments	1,084,037	134,622
Purchase of equipment on operating leases	-	(2,613,899)
Sale of equipment on operating leases	-	2,466,049
Cash flows from investing activities	1,739,997	(7,331,348)
Cash flows from financing activities		
Proceeds from note subscriptions	466,857	5,820,672
Cash flows from financing activities	466,857	5,820,672
Net increase (decrease) in cash	2,076,396	(2,068,210)
Cash, beginning of year	1,564,782	3,632,992
Cash, end of year	$ 3,641,178	$ 1,564,782
Interest paid during the year	$ 400,928	$ 348,076

See accompanying notes to the consolidated financial statements

Saskatchewan Government Growth Fund VIII Ltd.
Notes to the Consolidated Financial Statements

1. Status of the corporation

Saskatchewan Government Growth Fund VIII Ltd. ("SGGF VIII") was incorporated in March 1999 under The Business Corporations Act of Saskatchewan and has been accepted as a government administered venture capital fund under the federal government's Immigrant Investor Program ("IIP"). Under this program, SGGF VIII was established to raise $35,000,000 through a note offering. Each note is a variable rate (1.50% to 3.50%), unsecured, subordinated debt instrument with a cost of $250,000, repayable in five years provided that 70% of the proceeds are invested in eligible businesses ("Notes") throughout the five year period. SGGF VIII commenced commercial operations in 1999 and achieved its minimum offering of 14 investors in March 1999. The marketing period for SGGF VIII ended on March 31, 1999.

The Confidential Offering Memorandum ("Memorandum") and the IIP prescribe various conditions which qualify an investment as an eligible business, including a requirement that the business be Saskatchewan based and have assets, including assets of associated companies, of less than $35 million.

As stated in the Memorandum, the Government of Canada and the Government of the Province of Saskatchewan offer no guarantees or assurances on the financial performance of SGGF VIII or of a return of an investor's original investment and neither government will be liable for any loss or damages suffered by an investor as a result of an investment in the Notes.

The consolidated financial statements include the accounts of SGGF VIII and those of 101027596 Saskatchewan Ltd. on a proportionate basis.

2. Significant accounting policies

The accompanying consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following are considered significant:

Measurement Uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from the current estimates. These estimates are reviewed quarterly and, as adjustments become necessary, they are reported in the Consolidated Statement of Operations and Deficit in the period in which they become known.

Portfolio investments

Government of Canada Treasury Bills ("T-Bill") are valued at cost. Government of Canada Bonds ("Bond") are valued at amortized cost.

Investments

Investments include debt and equity investments in private companies. Income from debt investments is recognized as earned and income from equity investments is recognized when received.

Debt investments are carried at cost, net of provisions for credit losses.

Provisions for credit losses are established on impaired debt instruments ("loans"). A loan is considered to be impaired if, as a result of a deterioration in credit quality, there is no longer reasonable assurance of the timely collection of the full amount of principal and interest. Any loan on which contractual payments are in arrears for 90 days or more is usually assumed to be impaired. Other factors that are considered in determining whether a loan is impaired are the overall credit quality of the borrower and the fair value of the underlying security. When a loan becomes impaired, recognition of interest income ceases. A provision for specific credit losses is established for impaired loans to reduce their value to the estimated fair value of the security underlying the loan. If the credit quality of the loan subsequently improves a provision is reduced or reversed.

Investments in equities are carried at the lower of cost and, where a loss in value that is other than temporary has occurred, net realizable value. Investments that are evaluated as possibly being subject to a loss in value are assessed periodically based on appropriate criteria, including past operating results of the investee, financial outlook of the investee, recent capital transactions, and their associated value, between the investee and arm's length parties, and liquidity or going concern problems of the investee.

When a decline in the value of an equity investment is no longer considered to be temporary, the investment is written down and carried at the written down value until disposal of the equity investment.

SGGF VIII intends to dispose of its investments in due course. Accordingly, investee companies over which SGGF VIII has significant influence are not consolidated.

Deferred costs

Deferred costs include consulting, legal, administrative, accounting, general and printing costs associated with SGGF VIII's offering. Commissions paid or payable on subscriptions received have also been deferred. Deferred costs, including commissions, are amortized over five years from date of Note issuance.

Commissions payable

According to the terms of marketing agreements entered into by SGGF VIII, a commission is payable to the independent marketing agents selling the Notes upon receipt by SGGF VIII of the subscription deposit and all required documentation. The commission is subject to a holdback pending issuance of the investor's immigrant visa.

Accrued interest payable to investors

SGGF VIII accrues interest on its subscription deposits from the date of deposit to the date of Note issuance. Investors earn interest at a rate between a minimum of 1.50% and a maximum of 3.50% per annum. The rate is determined at the time of subscription deposit and is calculated as 3.60% less than the then current yield on a benchmark Government of Canada bond. Interest is paid upon Note issuance.

Obligations to investors

Obligations to investors represent the Notes issued to investors of SGGF VIII. Their investment helps to satisfy a portion of their visa requirements under the IIP. Interest to the maturity date of Notes is accrued at an annual rate between a minimum of 1.50% and a maximum of 3.50% from the date of Note issuance until maturity. The rate is determined at the time of subscription deposit and is calculated as 3.60% less than the then current

yield on a benchmark Government of Canada bond. Interest is paid annually on December 31 and at maturity.

3. Provisions of the IIP

70% investment requirement

The terms of the IIP require that at least 70% of each subscription deposit be invested in eligible businesses no later than nine months from receipt of the subscription amount. The federal regulator responsible for the IIP, Citizenship and Immigration Canada, has extended the deadline for investment of subscriptions received by SGGF VIII prior to October 1, 2002, to June 30, 2003.

Minimum holding period and maturity of the Notes

A Note is issued to evidence receipt of the subscription deposit on the date that at least 70% of the subscription deposit is invested in eligible businesses. Each Note is scheduled to mature five years from such date, provided SGGF VIII maintains at least 70% of the Note continuously invested in the active business operations of eligible businesses for five years following the issuance date. The IIP contains provisions which require that the maturity date of a Note be extended if, and for such period that, a minimum of 70% of the Note amount ceases to be invested in the active business operations of eligible businesses.

If the subscription deposit has not been at least 70% invested in eligible businesses within nine months of receipt, then, for the period from nine months after receipt until a minimum of 70% of the subscription deposit is initially invested in eligible businesses, the investor will receive an additional payment as compensation for the extension of the term to maturity of their note.

4. Portfolio investments

Security	Rate (%)	Maturity Date	Par ($)	2002 Cost ($)	2001 Cost ($)
T-Bill	2.94	4/12/03	1,000,000	972,890	-
Bond	5.00	1/9/04	1,500,000	1,495,313	1,492,635
Bond	5.75	1/9/06	566,667	580,813	-
T-Bill	3.03	3/1/02	2,000,000	-	1,983,860
T-Bill	4.40	28/2/02	2,000,000	-	1,920,140
T-Bill	4.43	23/5/02	2,075,000	-	1,990,444
				$ 3,049,016	$ 7,387,079

Market value at December 31, 2002 is $3,126,603.

5. Investments

	2002	2001
Debt instruments	$ 6,883,220	$ 4,364,990
Equity instruments	974,309	894,309
Provision for credit losses	(65,662)	-
	$ 7,791,867	$ 5,259,299

Included in investments is $815,803 (2001 – $nil) of impaired investments, net of accumulated provision for credit losses of $65,662 (2001 - $nil), upon which income is not accrued.

During the year, investments increased as follows:

	2002	2001
Balance, beginning of year	$ 5,259,299	$ -
New investments	3,682,267	5,393,921
Book value of divestments	(1,084,037)	(134,622)
Net change in provision for credit losses	(65,662)	-
Balance, end of year	$ 7,791,867	$ 5,259,299

6. Deferred costs

Deferred costs have been recorded net of accumulated amortization of $253,627 (2001 – $96,005).

7. Accounts payable and accrued liabilities

Included in accrued liabilities is a provision of $nil (2001 - $1,551) for future fees payable to the manager of SGGF VIII under the terms of a management services agreement. This amount is based on the retained earnings of SGGF VIII and payable to the manager only upon liquidation of all investments and repayment of all Notes.

8. Subscription deposits

Subscription deposits are reclassified to obligations to investors upon Note issuance.

9. Obligations to investors

Notes – 1.50% to 3.50% unsecured promissory notes.

The obligation at December 31 is comprised of Notes with interest rates as follows:

	2002		2001	
	Number	$	Number	$
1.50%	7	1,750,000	7	1,750,000
1.60%	1	250,000	-	-
1.70%	3	750,000	1	250,000
1.75%	3	750,000	-	-
1.95%	1	250,000	1	250,000
2.00%	11	2,750,000	-	-
2.05%	5	1,250,000	-	-
2.20%	4	1,000,000	4	1,000,000
2.30%	1	250,000	1	250,000
2.40%	5	1,250,000	5	1,250,000
2.45%	2	500,000	2	500,000
2.50%	1	250,000	1	250,000
2.60%	5	1,250,000	5	1,250,000
2.65%	-	-	1	250,000
2.80%	1	250,000	1	250,000
	50	12,500,000	29	7,250,000

The following is the schedule of Note maturities as at December 31, 2002:

2006	$ 7,000,000
2007	5,500,000
	$ 12,500,000

Obligations under the Notes are subordinate to all other liabilities of SGGF VIII and repayment is dependent on the proceeds on liquidation of investments and other available liquidity in excess of other liabilities. The Notes are irrevocable, except in the case that (i) a visa is denied, or (ii) at least 70% of the subscription amount is not invested in eligible businesses within nine months of the date of payment of the full subscription amount.

10. Share capital

The authorized common share capital of SGGF VIII at December 31 is:

Common shares - an unlimited number of voting common shares. Holders of the common shares are entitled to receive dividends.

The issued common share capital at December 31 is:

	2002	2001
1,000 common shares	$ 1,000	$ 1,000

11. Financial instruments

SGGF VIII's primary business is the raising of capital from immigrant investors and placing these funds in new and expanding Saskatchewan businesses. This investment activity entails exposure to market risk, credit risk, interest rate risk and liquidity risk. These risk factors may impact upon SGGF VIII's ability to repay its Notes at maturity.

Market Risk

Market risk is the risk that the fair value of an investment may be affected by the ability of an investee company to profitably distribute its products. Some of the companies in which SGGF VIII invests are dependent upon a single product or industry. SGGF VIII manages this risk through careful due diligence prior to committing funds to the investment and by diversifying its investments across various industry sectors.

Credit Risk

Credit risk is the risk that an investee will fail to perform its obligations. Concentration of credit exposure may arise given that SGGF VIII restricts its investments to businesses operating in Saskatchewan and therefore all investments are subject to a similar general economic environment. The ability of such investees to meet contractual obligations may be affected by changing economic, political or other conditions. SGGF VIII conducts thorough due diligence prior to committing to an investment and actively monitors the financial health of its investees on an on-going basis. In addition, some investees operate in and export to other provinces or international markets thereby mitigating this risk.

Interest Rate Risk

Interest rate risk is the risk that SGGF VIII's earnings will be affected by fluctuations in interest rates. SGGF VIII manages this risk through carefully monitoring and matching the duration of its portfolio investments and investments with the duration of its obligations to investors.

Liquidity Risk

Liquidity risk is the risk that SGGF VIII will encounter difficulty in liquidating its investments at the time it is required to repay its Notes. Due to the nature of some of SGGF VIII's investments, the timing of cash flows from its investments may not exactly match with the payments owing under SGGF VIII's Notes. SGGF VIII carefully monitors the duration of its

investments. However, timing differences may require SGGF VIII to reduce or delay the payments owing on Notes at maturity.

Fair Value - Investments

There is no active secondary market for many of the entities in which SGGF VIII invests, and the uncertainty and potentially broad range of outcomes pertaining to the future cash flows from these investments renders the calculation of a fair value with appropriate reliability impractical. The factors that affect the fair value are described above.

Fair Value - Obligations to Investors

No secondary market for the Notes exists. Due to the unique features associated with the Notes, the calculation of a fair value with appropriate reliability is impractical. The risk factors that affect the fair value of investments, as described above, also affect the fair value of obligations to investors. Repayment of these obligations at maturity is dependent upon the value and liquidity of investments at that time.

12. Administration

Under the terms of a management agreement, expiring in 2009, between SGGF VIII and Saskatchewan Government Growth Fund Management Corporation ("SGGF Management Corporation"), SGGF Management Corporation administers the assets of SGGF VIII with the assistance of a manager that performs fund administration and investment management. SGGF Management Corporation does not guarantee the financial performance of SGGF VIII. All services provided to SGGF VIII are charged on a fee for service basis. The costs billed to the fund by SGGF Management Corporation are as follows:

	2002	2001
Manager fees	$ 268,640	$ 209,803
General administration	5,497	5,166
Directors fees and expenses	9,835	8,763
Legal and professional	20,899	14,501
	304,871	238,233
Provision for manager profit share	(1,551)	(20,937)
	$ 303,320	$ 217,296

13. Net change in non-cash balances related to operations

	2002	2001
Accounts receivable and accrued income	$ 268,915	$ (346,369)
Deferred costs	(75,499)	(493,500)
Accounts payable and accrued liabilities	(167,915)	151,294
Commissions payable	(100,000)	(42,500)
Accrued interest payable to investors	(6,590)	36,514
	$ (81,089)	$ (694,561)

14. Income taxes

A provincial Crown corporation owns all of the issued shares of SGGF VIII. Therefore, SGGF VIII is income tax exempt.

15. Commitments

The total amount of investments approved but not yet disbursed is $45,000 (2001 - $196,651).

16. Related party transactions

Included in these consolidated financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan government controlled departments, agencies and corporations with which SGGF VIII is related. Account balances resulting from these transactions are included in the Consolidated Statement of Financial Position and are settled on normal trade terms.

As stated in Note 12, SGGF VIII has a management agreement with SGGF Management Corporation. Total fees charged to the fund by SGGF Management Corporation amounted to $304,871 (2001 - $238,233). Total fees payable to SGGF Management Corporation at December 31, 2002, and included in the above, is $10,313 (2001 – $4,271).

Other transactions with related parties are disclosed separately in the financial statements and notes thereto.

17. Comparative figures

The consolidated financial statements include the accounts of SGGF VIII and, until November 30, 2001, those of 101005716 Saskatchewan Ltd. ("101005716") on a proportionate basis. 101005716 was an entity that was jointly controlled by SGGF VIII and other SGGF fund companies. Loans from SGGF VIII to 101005716 were used to purchase infrastructure-related assets that were leased to Saskatchewan Crown corporations under various operating leases. In December 2001, 101005716 sold its equipment assets, net of accumulated amortization, to a third party entity and a loan was extended to this entity by SGGF VIII to purchase the assets.

Certain comparative figures have been reclassified to conform with the current year's presentation.

FOUR YEAR FINANCIAL SUMMARY
Saskatchewan Government Growth Fund VIII Ltd.
(in thousands of dollars)

Financial Position
As at December 31

		2002	2001	2000	1999
Assets					
Cash	$	3,641	1,565	3,633	2,919
Portfolio investments		3,049	7,387	5,461	-
Investments		7,792	5,259	-	-
Other assets		1,036	1,287	622	162
Total assets	$	15,518	15,598	9,716	3,081
Liabilities and Deficit					
Obligations to investors	$	15,658	15,198	9,341	2,935
Other liabilities		125	393	284	144
(Deficit) equity		(265)	7	91	2
Total liabilities and deficit	$	15,518	15,598	9,716	3,081

Operating Results
For the years ended December 31

		2002	2001	2000	1999
Revenues					
Investment income	$	391	89	-	-
Lease revenue		-	212	-	-
Interest from cash and portfolio investments		236	417	310	110
Other income		7	23	12	12
		634	741	322	122
Provision for losses on investments		65	-	-	-
Net revenue		569	741	322	122
Expenses					
Administration		303	217	111	44
Financing		538	608	122	77
Total expenses		841	825	233	121
Net (loss) income	$	(272)	(84)	89	1

CORPORATE INFORMATION

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Lloyd Boutilier
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Darrel Cunningham
Farmer
Lintlaw, Saskatchewan

Harwood Davies
Businessman
Watrous, Saskatchewan

Roland ("Rollie") Hardy
Businessman
Regina, Saskatchewan

Gordon Mertler
Businessman
Regina, Saskatchewan

Fund Manager

Saskatchewan Government Growth Fund Management Corporation, which has retained Crown Capital Partners Inc. to provide management services.

Crown Capital Partners Inc.
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Alan M. Rowe, C.A., Partner Responsible for SGGF
Christopher J. Anderson, C.F.A., Partner
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SASKATCHEWAN GOVERNMENT
GROWTH FUND